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Southern District of New York*

CORRECTED VERSION

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FEDERAL JURY CONVICTS FORMER NEW YORK STATE COMMISSIONER
OF LABOR AND STATEN ISLAND BUSINESSMAN OF BRIBERY

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that former New York State Commissioner of Labor, JAMES MCGOWAN, and businessman JOHN SEGRETI were convicted today in White Plains federal court on charges of bribery and mail fraud after a five-week jury trial.

MCGOWAN was also convicted of subscribing to false tax returns for 1998 and 1999, which failed to report all of his income. MCGOWAN was the New York State Commissioner of Labor from February of 1998 through October of 2000 and is the former President of the New York State Professional Firefighter's Association.

JOHN SEGRETI is the President of the National Traffic Safety Institute ("NTSI") and the owner and operator of numerous schools throughout the country that provide driver education. According to the proof at trial, SEGRETI paid MCGOWAN a steady stream of payments totaling over \$12,000, including items such as

a trip to Disney World, a golf club membership and payment for a staff holiday party that MCGOWAN hosted for his Executive Staff at the Department of Labor. In addition, the two secretly agreed that upon MCGOWAN's departure from his position as Commissioner of Labor that MCGOWAN would receive income from the SEGRETI COMPANIES.

According to the proof at trial, MCGOWAN steered and attempted to steer hundreds of thousands of state and federal grant dollars to the SEGRETI COMPANIES, a portion of which was funneled through a fictitious shell corporation. In addition, the evidence at trial demonstrated that SEGRETI and MCGOWAN acted to conceal their conduct. Specifically, SEGRETI lied to New York State Inspector General investigators who were investigating the relationship between SEGRETI and MCGOWAN and MCGOWAN concealed the bribe payments by failing to disclose them on his financial disclosure forms. Some of the bribe payments were funneled through a third-party, an affiliate of the SEGRETI COMPANIES, to conceal that they were payments from SEGRETI to MCGOWAN.

MCGOWAN, 65, of Yorktown Heights, New York, and SEGRETI, 45, of Colts Neck, New Jersey, are scheduled to appear in federal court for sentencing in White Plains on September 9, 2004.

BARBARA KOTSONIS, a third defendant, was found not guilty of conspiracy and mail fraud charges.

The conviction was the product of a joint investigation by the United States Department of Labor's Office of Inspector

General and the Employee Benefits Security Administration, the Internal Revenue Service, Criminal Investigation Division and Examination Division and the New York State Inspector General. Mr. KELLEY praised the efforts of all five agencies and said the investigation is continuing.

Assistant United States Attorneys CYNTHIA K. DUNNE and PERRY CARBONE are in charge of the prosecution.

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U.S. Code Title/Section	Total Number Of Counts	Offense Description	Maximum Penalties	Defendants
18 U.S.C. § 371	1	Conspiracy	5 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 yrs. Supervised Release.; restitution	James McGowan John Segreti
18 U.S.C. §§ 1341, 1346 and 2	1	Mail Fraud	30 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	James McGowan John Segreti
18 U.S.C. §§ 666(a)(2) and 2	1	Payment of a Bribe	10 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	John Segreti

18 U.S.C. §§ 666(a)(1)(B) and 2	1	Receipt of a Bribe	10 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	James McGowan
18 U.S.C. § 1952 and 2	1	Bribery	20 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution	James McGowan John Segreti
26 U.S.C. § 7206(1)	2	Subscribing to False Income Tax Returns	3 years imprisonment; fine in amount of greatest of \$250,00, twice gross gain, or twice gross loss to Gov't; 1 year of Supervised Release; restitution and the costs of prosecution	James McGowan